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MEMORANDUM

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TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

DATE: October 30, 2009

2009 OCT 30 A 9:21

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DOCKET CONTROL

RE: IN THE MATTER OF THE APPLICATION OF LDMI
TELECOMMUNICATIONS, INC. DBA CAVALIER TELEPHONE DBA
CAVALIER BUSINESS COMMUNICATIONS FOR APPROVAL TO
CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
(DOCKET NO. T-03470A-09-0212)

Attached is the Staff Report for the above referenced application. The applicant is applying for approval to cancel its Certificate of Convenience and Necessity ("CC&N") to provide the following services:

- Competitive Resold Interexchange Services

Staff recommends cancellation of the CC&N.

SMO:LLM:red

Originator: Lori L. Morrison

Attachment: Original and Thirteen Copies

Arizona Corporation Commission

DOCKETED

OCT 30 2009

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SERVICE LIST FOR: LDMI TELECOMMUNICATIONS, INC. dba CAVALIER
TELEPHONE dba CAVALIER BUSINESS COMMUNICATIONS
DOCKET NO. T-03470A-09-0212

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Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

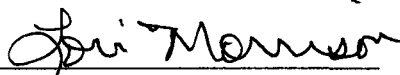
LDMI TELECOMMUNICATIONS, INC. DBA CAVALIER TELEPHONE
DBA CAVALIER BUSINESS COMMUNICATIONS
DOCKET NO. T-03470A-09-0212

IN THE MATTER OF THE APPLICATION OF LDMI TELECOMMUNICATIONS, INC.
DBA CAVALIER TELEPHONE DBA CAVALIER BUSINESS
COMMUNICATIONS, FOR APPROVAL TO CANCEL ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY

OCTOBER 30, 2009

STAFF ACKNOWLEDGEMENT

The Staff Report for the application of LDMI Telecommunications, Inc. dba Cavalier Telephone dba Cavalier Business Communications, Docket No. T-03470A-09-0212, for approval to cancel its Certificate of Convenience and Necessity was the responsibility of the staff member listed below. Lori Morrison was responsible for the review and analysis of the application.

A handwritten signature in cursive script, reading "Lori Morrison", is positioned above a horizontal line.

Lori Morrison
Utilities Consultant

INTRODUCTION

On May 4, 2009, LDMI Telecommunications, Inc. dba Cavalier Telephone dba Cavalier Business Communications ("LDMI" or "Company") submitted a Letter of Notification to cancel its Certificate of Convenience and Necessity ("CC&N") to provide resold interexchange telecommunications within the State of Arizona. LDMI is also requesting to cancel its long distance tariff – AZ C.C. Tariff No. 3.

BACKGROUND

On October 8, 1998, in Decision No. 61169, the Commission granted LDMI a CC&N to provide resold interexchange telecommunications services within the State of Arizona.

STAFF'S ANALYSIS

In its May 4, 2009 Letter of Notification, LDMI stated that it had no customers or operations in Arizona at the time the Letter was filed. On May 29, 2009, in response to Staff's First Set of Data Requests LLM 1.1(A), LDMI stated that its last customer left its network on April 21, 2009. The Company also states in both its Letter and in response to Staff's Data Request LLM 1.1(B) that since it has no customers in Arizona to notify, it requests a waiver of the notice requirements in Arizona Administrative Code ("A.A.C.") R14-2-1107(A)(2). At Staff's request, LDMI submitted an affidavit attesting that it has no customers for intrastate telecommunications services in Arizona. LDMI has affirmed, in response to Staff Data Request LLM 1.1(C), that it does did not collect advances, deposits, and/or prepayments from customers in Arizona.

The Consumer Services Section of the Utilities Division reports that there have been zero (0) complaints, inquiries, or opinions against LDMI from January 1, 2005 to January 14, 2009. According to the Corporations Division, LDMI is in good standing. LDMI's 2008 utility annual report is currently on file with the Commission. The Compliance Section reports that there are no current compliance delinquencies for LDMI.

RECOMMENDATION

LDMI is not currently providing resold intrastate, interexchange telecommunications services to any telecommunications customers in Arizona. As such, Staff recommends approval of LDMI's request that the published notice requirements of A.A.C. R14-2-1107(A)(2) be waived. Staff further recommends that LDMI's CC&N to provide resold, interexchange telecommunications services be cancelled. Upon cancellation of its CC&N, LDMI will no longer be authorized to provide resold interexchange telecommunications services in Arizona. Therefore, LDMI will no longer be subject to the requirements of Decision No. 61169. In addition, Staff recommends approval of CBC's request to cancel and withdraw its Arizona Telecommunications Tariff No. 3.